

Assicurazioni Generali Group

Sal Oppenheim 2007

4th European Financials Conference

Mel Carvill - Deputy General Manager



Zurich, November 20th, 2007

 **I. Strategic Plan Update**

 **II. Enhancing the private banking franchise**

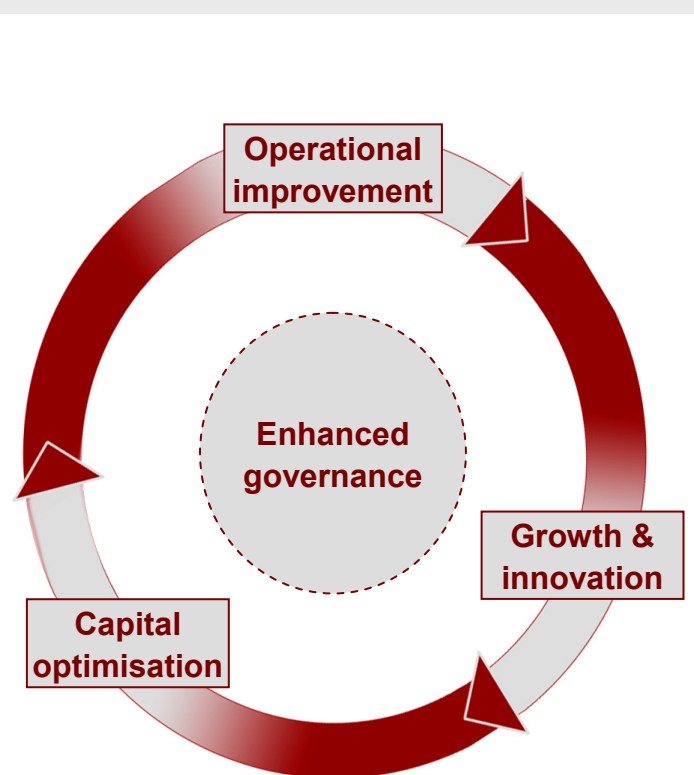
■ I. Strategic Plan Update

1. **Overview**
2. Restructuring of Group Organization
3. Expanded Programs and New Group Initiatives
4. Investment Strategy
5. Capital Management Policy
6. Targets and Conclusions

Strategy highlights

Strategy confirmed, new and expanded initiatives to support higher aspirations

2006–2008 Plan



2007–2009 Plan¹

- **Restructuring of Group Organization**
 - Enhanced **organization** of the corporate center
 - Step-up of **Italy re-organization** and full leverage of **Toro** acquisition
 - **Restructuring** of operations in **Germany**
- **Expanded and New Group Initiatives**
 - Expanded **Group Programs** (in scope and target)
 - Enlarged portfolio of **Growth and Innovation** initiatives
- Increased effectiveness of **investment strategy**
 - Alternative Investment Platform
 - Global Real Estate Strategy
- **New Capital Management** policy
- **Financial Targets 2009²**
 - **Euro 6.5 bln Operating Result** (vs. 4.0 bln in '06)
 - **Euro 3.8 bln Net Profit** (vs. 2.4 bln in 2006)
 - **16% RoEV**
 - **Total dividend doubled** vs 2006
- Additional mid-term Euro 500 mln pre-tax impact from strategic initiatives beyond 2009

¹ Assuming stable market and regulatory conditions

² Based on a 4.50% 10-year risk free rate

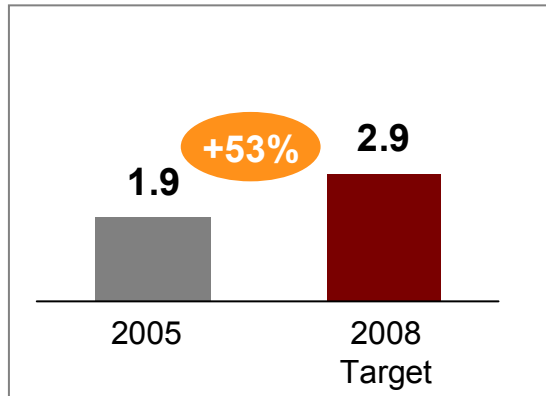
Our course of action

2003–2005	2006	2007–2009	2010+
<ul style="list-style-type: none"> ▪ Focus on value creation ▪ Country based initiatives ▪ Develop role of the corporate centre 	<ul style="list-style-type: none"> ▪ Tackle Group synergies on top of each country plan while optimizing the capital base 	<p><i>Further accelerate the pace of change</i></p> <ul style="list-style-type: none"> ▪ More Group synergies ▪ Invest in sustainable future growth ▪ Focus on customer service quality ▪ Enhanced organization of corporate center 	<ul style="list-style-type: none"> ▪ Further accelerate performance improvement to become the leading insurer measured by value creation

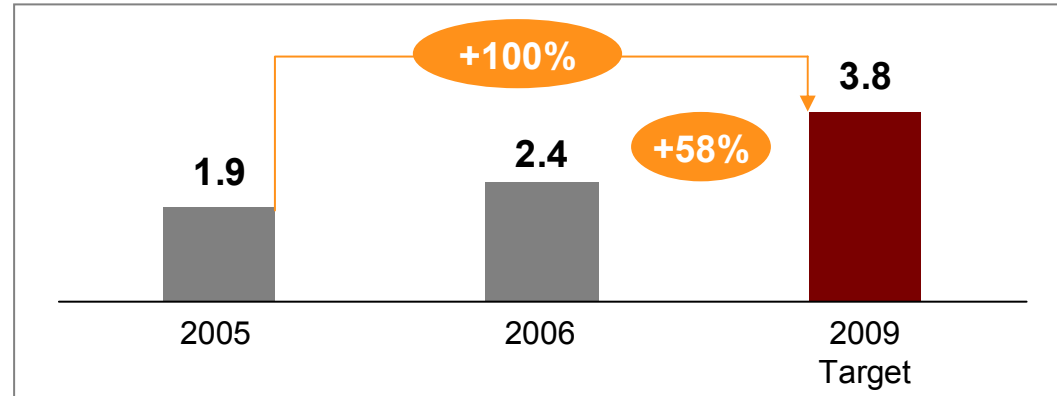


Significant step-up in our aspirations

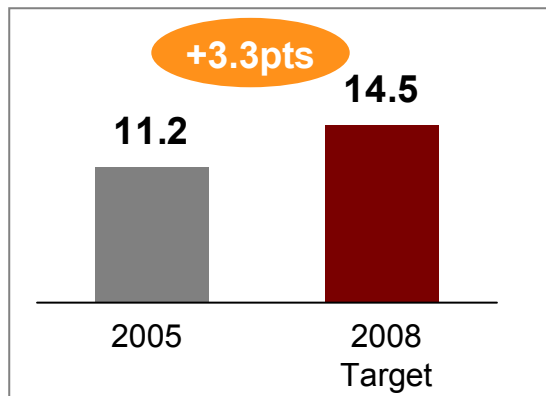
Net Profit (Euro bln) 2006–2008 Plan



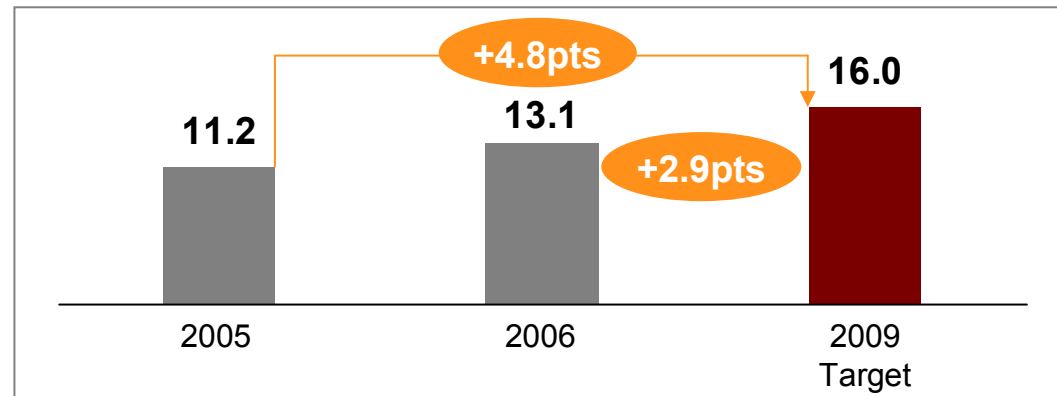
2007–2009 Plan



Normalized RoEV⁽¹⁾ (%) 2006–2008 Plan



2007–2009 Plan



⁽¹⁾ Based on a 10 year risk free rate of 3.70% for 2008 and 4.50% for 2009

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Corporate Center Team

**Chairman
Bernheim**

**Co-CEO
Perissinotto**

- Italy
- M&A
- HR & Organization
- IT Coordination

**CFO & GM
Agrusti**

- Accounting & Consolidation
- Planning & Control
- Risk Management
- Finance
- Real Estate
- Tax & Legal
- Investor Relations

**Co-CEO
Balbinot**

- Int'l Businesses

**Deputy GM
Carvill**

- Western Europe
- Americas
- Middle East
- Research & Corporate Development
- Int'l Regulatory Affairs

**Deputy GM
Trevisani**

- Germany and Austria
- Central Eastern Europe
- Asia
- Life, P&C and Reinsurance
- Int'l IT Projects Control



Italy – Strategy



- Consolidate Italian business with stronger **country coordination**

- **Merge service companies** to leverage integrated approach to IT and operations, in order to streamline processes and enhance quality of customer service
- Further consolidate product engineering, portfolio administration and actuarial services into Generali Business Solutions

- Complete **Toro integration** with expected synergies of Euro 160 mln by 2009, taking into account announced sale of Nuova Tirrena

- Enhance **distribution effectiveness**
 - Multi-brand strategy with stronger Group identity
 - Align incentive system to product profitability
 - Aggressively tackle the retirement/TFR emerging market
 - Exploit innovative distribution opportunities

- Innovate **product strategy**
 - Invest in new products in Life & Savings (e.g. variable annuities and third age) and Non-Life
 - Review motor offering in light of evolving market conditions (e.g. new “Direct Settlement” law)

- **Targets:**
 - Expected gross impact of reorganization: Euro 120 mln in the mid-term, of which Euro 50 mln by 2009
 - Combined Ratio: 93.5% in 2009 (-3.7 pp vs. 2006)
 - Life NBV growth: 9.6% CAGR 2006-09 (“like for like“)

Germany – Strategy



- Reduction of complexity and **merger of main insurance companies, Generali and Volksfürsorge** into Generali Versicherungen (Euro 5.1 bln premiums, 7 mln customers)
 - Full merger of back-offices (Claims, Administrative Services, IT)
 - Simplified corporate structure

- **Distribution specialization**
 - Generali Versicherungen focused on Agents, Brokers and Bancassurance distribution
 - Aachener Münchener dedicated to DVAG as exclusive insurance product provider
 - Cosmos Direkt specialized on direct channel
- **Increased sales effectiveness** through optimization of advertising investments, more focused distribution, improved competences and specialization on channel management

- **Efficiency and cost reduction**
 - Elimination of process duplications, improved governance and communication flows
 - Scale and skill benefits in distribution, sales support and in product lines
- Improvement of **customer service levels**

- **Targets:**
 - Expected gross impact of reorganization: Euro 190 mln in the mid-term, of which Euro 130 mln by 2009
 - Combined Ratio: 94% in 2009 (-1.8 pp vs. 2006)
 - Life NBV growth: 8% CAGR 2006-09

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Existing Group programs – leveraging on recent achievements

Euro mln	Program	Pre-tax impact ¹	Status and approach
Scale-based program	Asset management integration	140	Program completed ahead of schedule
	Risk and capital Management	30 ² 50 ²	Program expanded to facultative re-insurance optimization and risk-based decision making
	IT infrastructure consolidation	80 150	Program managed by a Group IT Coordination Unit, with scope and target enlarged
	Group treasury	30 40	Program deployed at local/country level, target revised
Skill-based program	Motor pricing and strategy	160 215	Program ahead of schedule with very positive extra-results, extended in scope and new territories
	Operational excellence – wave 2	130 250	Program expanded; reinforced focus on customer service while continuing cost reduction efforts
	Claims management	130 150	Program confirmed; on target for 2008, extended to 2009
	Innovation lab	N.A.	Program confirmed targeting especially youth and immigrants solutions
Total		700 ~1,000 (of which 835 by 2009)	

¹ Before minority interests

² Reinsurance optimization only

Initial target 2006-2008 (vs. 2005) Mid-term target



Impact of initiatives on profit before taxes and minorities

Initiatives (Euro mln)	2009 impact ⁽¹⁾	Mid-Term impact ⁽¹⁾
Reorganization of Italy	50	120
Reorganization of Germany	130	190
Investments platforms and Real Estate strategy	220	300
Group Programs	770	910
Growth & Innovation	40	160
Total impact	~1,200	~1,700

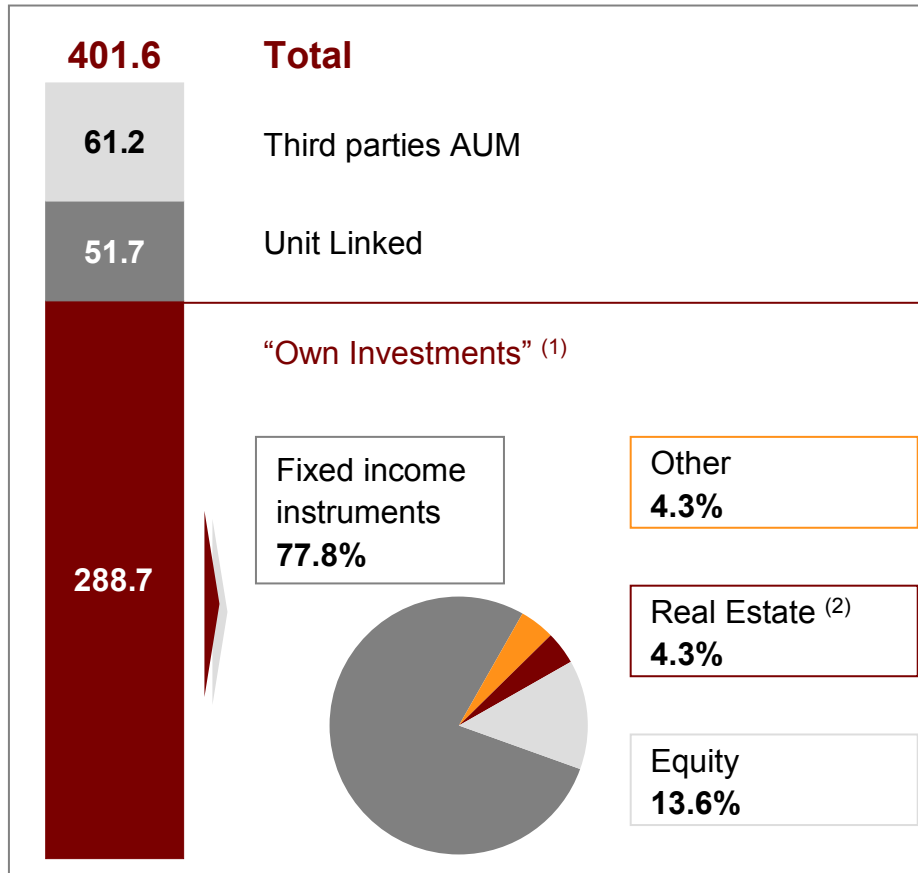
⁽¹⁾ Calculated as incremental profit before taxes and minorities vs. FY06 (Euro 40 mln impact achieved in 2006 on existing Group programs)

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New Investment and Real Estate strategy to enhance risk-adjusted returns

1H07 – AuM and Asset Allocation (Euro bln)



Actions to improve Risk-Adjusted Investment returns

- 1** Develop a risk-driven investment organization
- 2** Increase total amount of assets invested in alternative asset classes
- 3** Develop a Global Real Estate strategy and implement a global real estate asset allocation:
 - Strengthened management team and enhanced role of the Real Estate Investment Committee
 - Transfer of Real Estate assets into funds to enhance liquidity and increased share of indirect investments

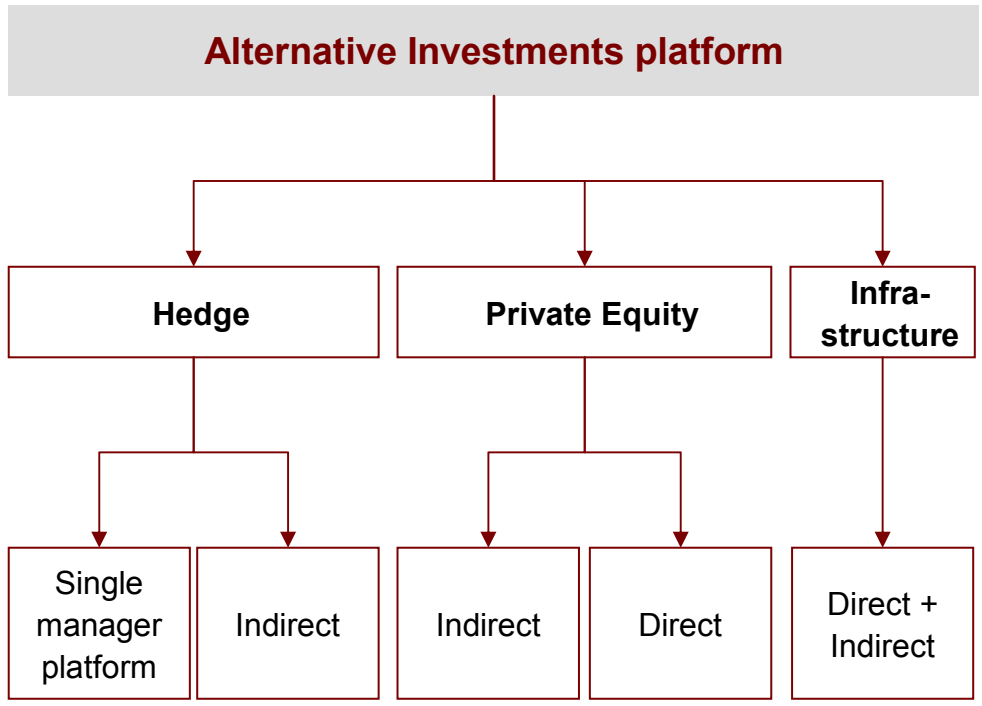
Euro 300 mln of expected mid-term pre-tax impact, of which Euro 220 mln by 2009⁽³⁾

(1) "Own Investments" exclude real estate for own use.
 (2) At book value, including real estate mutual funds
 (3) Before minority interests

Risk driven investment organisation

Financial objectives	<ul style="list-style-type: none">▪ Transparent risk-based capital allocation to investments▪ Optimization of economic value, within accounting and regulatory constraints▪ Expansion of investable universe in SAA and TAA▪ Alternative asset platform to increase risk adjusted returns and exploit diversification
Risk budgeting	<ul style="list-style-type: none">▪ Economic Balance Sheet approach▪ Optimization of capital usage to drive risk and performance management▪ Dynamic selection of risk allocation based on ALM/SAA optimization algorithm and “tactical” market view
Investment process	<ul style="list-style-type: none">▪ Integrated asset and liabilities optimization▪ Differentiate Life (spread on ALM portfolio) and Non-Life (total return) investment approaches▪ Split between liability-driven investments (LDI) and alpha investments▪ Expand the selective use of third party money-managers▪ New risk-monitoring tools (based on RiskMetrics system)

Increased exposure to alternative asset classes



Target New investments by 2009 (Euro bln)	1.6	2.0	1.9	2.0	0.5

Alternative asset classes offer diversification and low correlation with traditional asset classes, allowing for superior returns in the mid-term

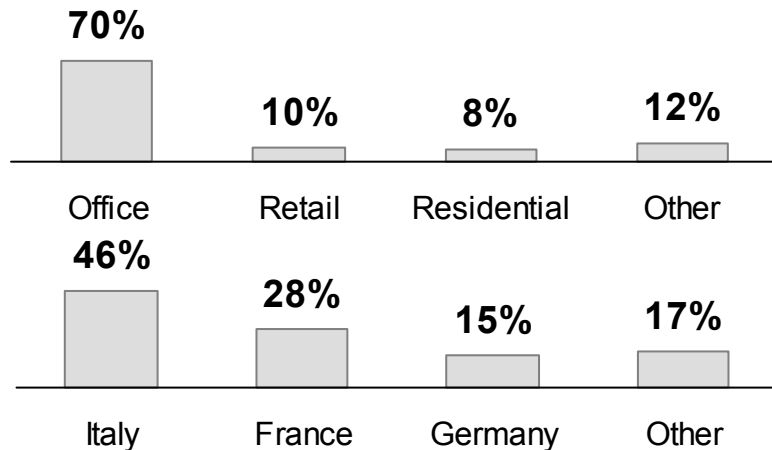
A combination of direct and indirect (FoF) strategies to optimize our strategic position



Real Estate strategy

Current assets

- Market value of Real Estate assets Euro 20.2 bln (of which: Euro 3.6 bln in self-use properties and Euro 2.2 bln in indirect investments)
- 5.4 mln square meters



2007–2009 Plan

Develop a global real estate business with local execution:

- Global RE asset allocation and portfolio diversification
- Enhanced governance
- Local asset and property management

Transfer RE assets into tax-efficient financial instruments (RE SICAV, funds and SIIQs) to enhance liquidity and marketability

Develop third-party business and co-investments with professional partners

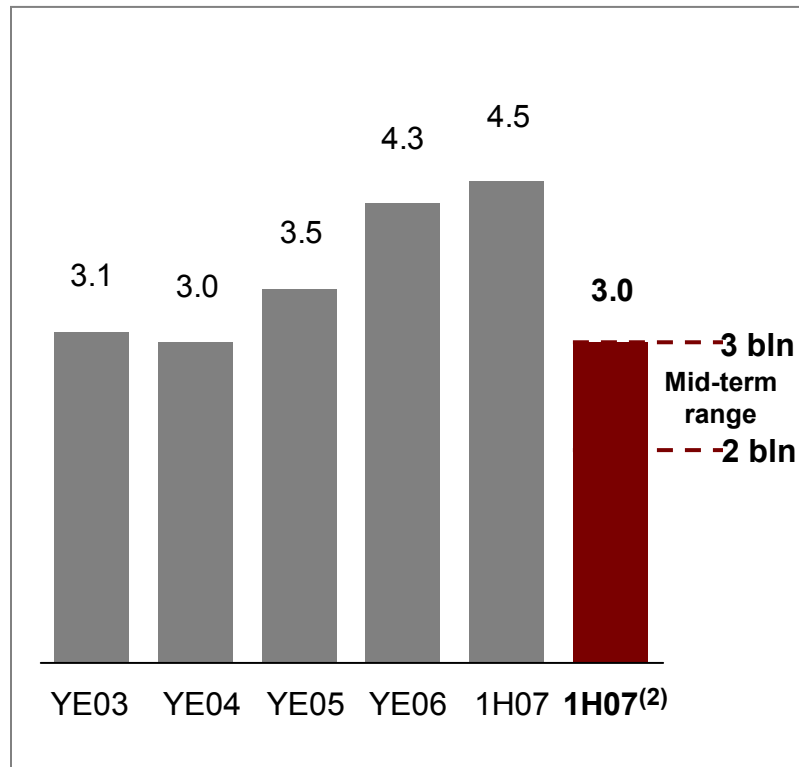
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Management of Capital Buffer

Capital Buffer⁽¹⁾

(Euro bln)



Strategic aspects of Capital Model

- Capital Buffer corridor provides balance between uncertainty and cost of excess capital
- Corridor represents mid-term reference framework for applying free cash flow towards capital action, such as additional dividend or share buy-backs
- 15–20% corridor of Risk Capital⁽³⁾ equates at 1H07 to Euro 2–3 bln

(1) Methodology changed at YE05. Prior to this disclosed Excess Capital did not include the Subordinated Debt. Disclosed Excess Capital at YE03 Euro1.7 bln and YE04 Euro1.6 bln.

(2) After the expected impact of the Ceska JV, the sale of Nuova Tirrena and the announced share buy-back.

(3) Defined as Economic Capital less VIF, calculated according to current model

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Conclusions



Targets 2009 vs. 2006⁽¹⁾

RoEV: 16%
Net profit: Euro 3.8 bln (+58%)
Operating result: Euro 6.5 bln (+62%)
NBV: >10% CAGR
Combined Ratio: <95% (vs. 96.3%)
Total Dividends: doubled

Investments in Growth and Innovation: > Euro 4 bln in 3 years

⁽¹⁾ Assuming stable market and regulatory conditions, based on a 4.50% 10 year risk-free rate

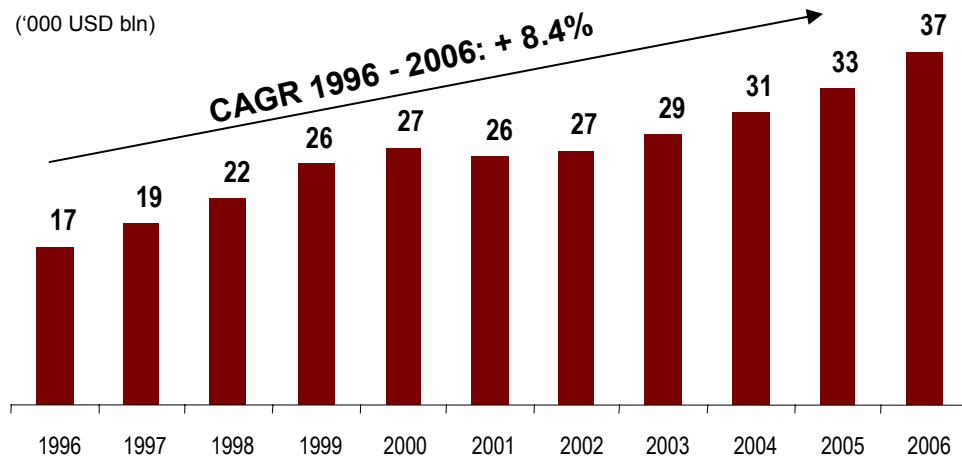


■ **II. Enhancing the private banking franchise**

An attractive sector undergoing consolidation

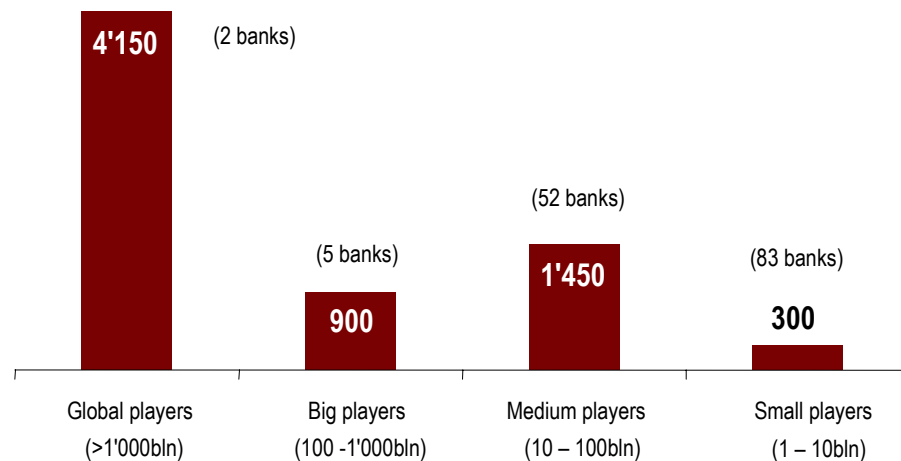
HNWI worldwide wealth

('000 USD bln)



Source: Capgemini/Merrill Lynch 2007

AuM split by player



Source: ASB January 07, excluding small players (less than CHF 1 bln) Ranking based on public information

- Switzerland is the main financial platform for international *private banking* business
- 2005 Swiss AuM reached CHF 6,900 bln, about 9% of AuM worldwide
- The major players are *HSBC, UBS, Credit Suisse* and *Julius Baer*
- Fragmented market and progressing consolidation process
- Estimated HNWI worldwide wealth could reach USD 51,600 bln within 2011, with an annual growth rate of 6,8%



Banca del Gottardo: transaction rationale

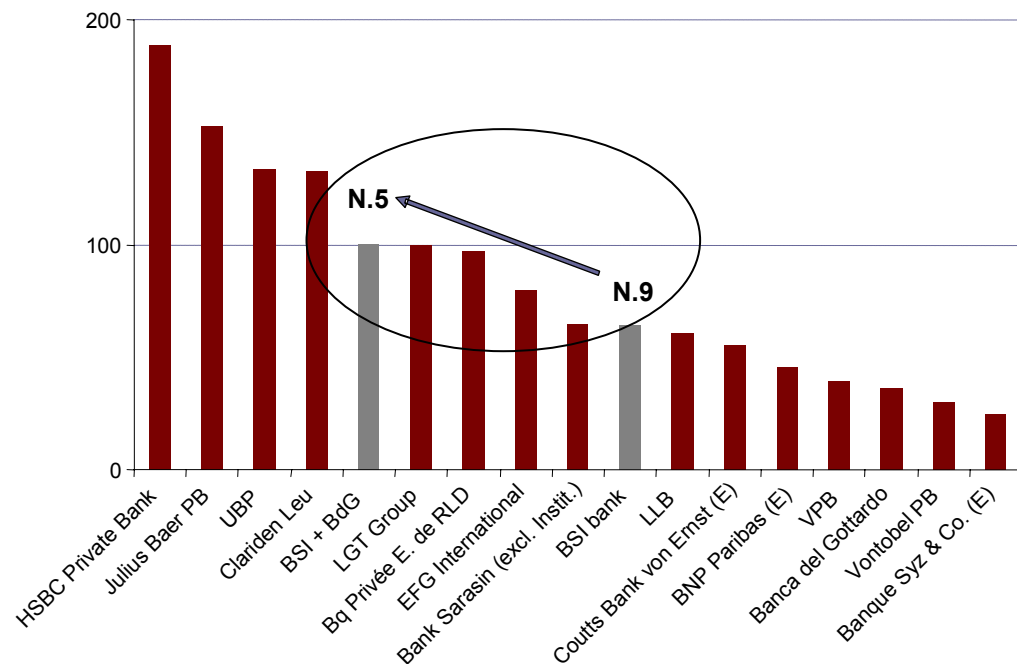
Contract signed with Swiss Life for the acquisition of 100% of Banca del Gottardo at a price of CHF 1,775 million (€1,069 million)

Strategic rationale

- Become top 5 pure private bank player in Switzerland
- Reach critical mass with over CHF 100 bln AUM
- Credible platform for further bolt – on acquisitions
- Strong cost synergies (over CHF 120 mln)
- Low execution risk merger
- Accretive deal: +0.20 %pts. RoEV in 2009

Banks operating in Swiss private banking sector ranked by AuM

(1H07, CHF bln)



Source: ranking is based on public information

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These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

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